

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 FRB-03 OMB-01
ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 SIL-01 STR-05
TRSE-00 CEA-01 SS-15 /088 W
-----087170 061939Z /43

R 061836Z JAN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1798
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION GENEVA

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PASS AGRICULTURAL ELECTRONICALLY
BRUSSELS ALSO FOR USEEC
PARIS ALSO FOR OECD

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJECT: UK VIEW ON A POSSIBLE NEW INTERNATIONAL WHEAT
AGREEMENT

REF: BRUSSELS 233

1. RECENT INFORMAL CONTACTS WITH UK MAFF OFFICIALS
HAVE CONFIRMED THEIR EARLIER STATEMENTS THAT ONE OF THE
MAIN REASONS FOR UK INSISTENCE ON INCLUSION OF A FIXED
PRICE FORK FOR WHEAT IN A NEW AGREEMENT IS BUDGETARY
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CONSIDERATIONS. HMG WANTS TO LIMIT EXPORT RESTITUTIONS
IN A LOW WORLD PRICE SITUATION. BUT WE CONCLUDE THAT
HMG HAS TAKEN THIS POSITION MORE FOR REASONS OF PRIN-
CIPLE THAN FOR THE SUM SPENT ON EXPORT SUBSIDIES WHICH
IS COMPARATIVELY SMALL. A ROUGH ESTIMATION OF EC
OUTLAYS FOR WHEAT AND WHEAT FLOUR EXPORT SUBSIDIES
DURING 1976 IS \$400 MILLION, OR LESS THAN 6 PERCENT OF

THIS \$7.2 BILLION EXPENDITURES ON ALL AGRICULTURAL PRICE GUARANTEE AND SUPPORT OPERATIONS THAT YEAR. MAFF CEREAL OFFICIALS CONTINUE TO STRESS THAT A FIXED FLOOR PRICE FOR INTERNATIONAL WHEAT TRADING WHICH LIMITS PRICE CUTTING SUBSIDIES WOULD BE IN THE US INTEREST.

2. AS A WHEAT IMPORTING NATION WHICH RELIES HEAVILY ON NORTH AMERICAN STRONG WHEATS MAFF OFFICIALS ALSO INSIST THAT RIGHTS AND OBLIGATIONS AT THE MAXIMUM, I.E. SUPPLY ASSURANCES AT REASONABLE PRICES IN TIME OF WORLD SHORTAGES ARE VITAL TO AN AGREEMENT IF IT IS TO RECEIVE THEIR SUPPORT WITHIN THE CONTEXT OF THEIR EC MEMBERSHIP.

3. THESE POSITIONS ARE BACKED WITHIN MAFF AT THE HIGHEST LEVELS. JOHN SILKIN, UK MINISTER FOR AGRICULTURE, SUPPORTS THESE VIEWS AND HAS DISCUSSED THEM PERSONALLY WITH GUNDELACH.

BREWSTER

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Message Attributes

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Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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